

price at which bona fide sales have been communicated for assets of like type, quality, and quantity in a particular market at the time of acquisition.

**Fixed Cost:** The fixed cost component shall be determined based upon actual allowable costs incurred by an economically and efficiently operated facility.

**Free Standing Facility:** a facility that is not hospital-affiliated.

**Fringe Benefits:** shall include payroll taxes, qualified retirement plan contributions, group health, dental, and life insurance's, cafeteria plans and flexible spending plans.

**Generally accepted accounting principles** means accounting principles approved by the American Institute of Certified Public Accountants. (GAAP): those accounting principles with substantial authoritative support. In order of authority the following documents are considered GAAP: (1) FASB standards and Interpretations, (2) APB Opinions and Interpretations, (3) CAP Accounting Research Bulletins, (4) AICPA Statements of Position, (5) AICPA Industry Accounting and Auditing Guides, (6) FASB technical Bulletins, (7) FASB Concepts statements, (8) AICPA Issues Papers and Practice Bulletins, and other pronouncements of the AICPA or FASB.

**Health Care Financing Administration (HCFA):** Agency within the U.S. Department of Health and Human Services (HHS) responsible for developing and implementing policies governing the Medicare and Medicaid programs.

**Historical cost:** Historical cost is the cost incurred by the present owner in acquiring the asset. The historical cost shall not exceed the lower of:

- \* current reproduction cost adjusted for straight-line depreciation over the life of the asset to the time of the purchase;
- \* fair market value at the time of the purchase;
- \* the allowable historical cost of the first owner of record on or after July 18, 1984.

In computing the historical cost the four categories of assets will be evaluated, Land, Building, Equipment and Motor Vehicles. Each category will be evaluated based on the methods listed above.

**Hospital-affiliated facility:** a facility that is a distinct part of a hospital provider, located within the same building as the hospital unit or licensed as a hospital facility.

**Land (non-depreciable):** Land (non-depreciable) includes the land owned and used in provider operations. Included in the cost of the land are costs of such items as off-site sewer and water lines, public utility charges necessary to service the land, governmental assessments for street paving and sewers, the cost of permanent roadways and grading of a non-depreciable nature, the cost of curbs and sidewalks whose replacement is not the responsibility of the provider and other land expenditures of a non-depreciable nature.

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**Land Improvements (depreciable):** Depreciable land improvements include paving, tunnels, underpasses, on-site sewer and water lines, parking lots, shrubbery, fences, walls, etc. (if replacement is the responsibility of the provider).

**Leasehold improvements:** Leasehold improvements include betterments and additions made by the lessee to the leased property. Such improvements become the property of the lessor after the expiration of the lease.

**MDS as used throughout these Principles** means the Minimum Data Set that is currently specified by the Health Care Financing Administration for use by Nursing Facilities.

**Necessary and proper costs** are those which are for services and items that are essential to provide appropriate patient care and patient activities at an efficient and economically operated facility. They are costs for services and items which are commonly provided and are commonly accepted as essential for the type of facility in question.

**Net Book Value:** The net book value of the asset is defined as the depreciable basis used under the program by the asset's last participation owner less the depreciation recognized under the program.

**Nursing Facility:** a nursing home facility licensed and certified for participation in the Medicaid Program by the State of Maine.

**Owners:** Owners include any individual or organization with 10% equity interest in the provider's operation and any members of such individual's family or his or her spouse's family. Owners also include all partners and all stockholders in the provider's operation and all partners and stockholders or organizations which have an equity interest in the provider's operation.

**Per Diem Rate** means total allowable costs divided by days of care. The prospective per diem rate, as described by days of care for Medicaid recipients, will determine reimbursement.

**Policy Planning Function:** The policy-planning function includes the policy-making, planning and decision-making activities necessary for the general and long-term management of the affairs of the facility, including, but not limited to the following:

- The financial management of the facility.
- The establishment of personnel policies.
- The planning of patient admission policies.
- The planning of expansion and financing thereof.

**Prospective Case-Mix Reimbursement System:** A method of paying health care providers rates that are established in advance. These rates take into account the fact that some residents are more costly to care for than others.

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Reasonable costs are those which a prudent and cost-conscious buyer would pay for services and items that are essential for patient care and patient activities at the facility. If any of a provider's costs are determined to exceed by a significant amount, those that a prudent and cost-conscious buyer would have paid, those costs of the provider will be considered unreasonable in the absence of a showing by the provider that those costs were unavoidable.

Related to Provider: Related to the provider means that the provider to a significant extent is associated or affiliated by common ownership with or has control of or is controlled by the organization furnishing the services, facilities, and supplies.

Stand Alone Nursing Facility: a facility that is not physically located within a hospital.

Straight-line method: Under the straight-line method of depreciation, the cost or other basis (e.g., fair market value in the case of donated assets) of the assets, less its estimated salvage value, if any, is determined first. Then this amount is distributed in equal amounts over the period of the estimated useful life of the asset.

Sustained Rehabilitation: Individuals in this category demonstrate that there is no further potential for ability to develop stability of function in specific domains. The discharge destination would be a long term care facility or 24 supervised living arrangements.

Total Patient Census: Total number of residents residing in a nursing facility during the facility's fiscal year.

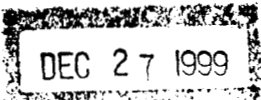
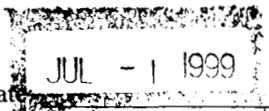
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## APPENDIX B

Supplies and Equipment provided to a recipient by a NF as part of regular rate of reimbursement are listed in Maine Medical Assistance Manual, Section 67, Chapter II.

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## APPENDIX C:

### CERTIFIED NURSES AIDE TRAINING PROGRAMS

**Principle.** The median plus 10% of costs per student paid by the Department for state fiscal year 1993 to qualify individuals as certified nurses aides is reimbursable under the Maine Medicaid Program. These programs must be conducted in accordance with the requirements of the Maine Board of Nursing for education programs for nurse's aides. To be allowable these programs must be conducted within a licensed nursing facility within the State of Maine or under contract with an educational institute whereby the classroom instruction may be provided in the educational facility, but the supervised clinical experience must be within the licensed nursing facility receiving reimbursement under the Principles of Reimbursement for Long-Term Care Facilities".

#### Definitions

1. Allowable Programs. All CNA programs must be approved by the Department of Educational and Cultural Services in order for a nursing facility to be reimbursed for a CNA training program.

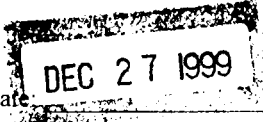
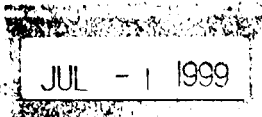
The Department will reimburse for the number of courses needed to meet the facility's needs, or the needs of a group of facilities on a prorated basis, which is expected to be no more than three CNA courses per year, unless it is found that three courses is not enough to meet the facility's needs. However, costs for classes of four or fewer students will be allowed no more than twice a year.

#### 2. Allowable Costs.

- a) qualified instructor for classroom instruction and clinical instruction, not to exceed 150 hours.
- b) instructor preparation time, not to exceed 15 hours.
- c) additional clinical instructor time when number of students in program exceeds 10.
- d) one "Train the Trainer Program" per facility per year.
- e) training materials, books and supplies necessary for providing the CNA program.
- f) liability insurance
- g) competency examinations, if Department of Educational and Cultural Services no longer provides the competency examinations.
- h) administrative overhead expenses shall be limited to 10% of the total allowable CNA training budget.

The cost per student cannot exceed the cost of tuition in a program offered through the Department of Education and Cultural Services that is reasonably accessible. If it is determined that any of the CNA training programs offered by a facility has not met or does not presently meet the requirements of the Maine Board of Nursing or is not an approved program through the Department of Educational and Cultural Services, the Department will initiate action to recoup all reimbursement.

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All income received from these programs must be used to reduce the overall cost of the programs.

Reimbursement. In order for a nursing facility to be reimbursed for conducting an approved CNA training program, the facility must submit a formal request for reimbursement to the Director of the Bureau of Medical Services, 11 State House Station, Augusta, Maine, 04333-0011. All requests must be received by the Department before the end of the facility's current fiscal year in which the CNA program began. Any request that is not received before the end of the facility's current fiscal year in which the CNA program begins will not be considered as an allowable cost under the Maine Medicaid Program.

All requests must include:

1. A completed schedule "Request for Budget Approval" available from the Bureau of Medical Services.
2. Copies of the letters of intent to employ for non-employees participating in the training program.
3. Copy of the Department of Education "Notice of Status" letter.

The Department will reimburse a nursing facility the median plus 10% of costs per student paid by the Department for state fiscal year 1993 for CNA training. The allowable cost of approved CNA training programs conducted at a nursing facility will not be included in the calculation of the facility's prospective rate, but will be reimbursed in a lump sum payment upon approval by the Bureau of Medical Services.

The Division of Audit will audit all CNA training costs at the time of the facility's final audit. Therefore it is very important that the facility maintain accurate records of the CNA training programs conducted by the nursing facility.

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APPENDIX D: Bedbanking - State Law: Title XX, Chapter 103.

§ 304-F. Procedures after voluntary nursing facility reductions.

1. Procedures. A nursing home that voluntarily reduces the number of its licensed beds for any reason except to create private rooms may convert the beds back and thereby increase the number of nursing facility beds to no more than the previously licensed number of nursing facility beds, after obtaining a certificate of need in accordance with this section. To convert beds back to nursing facility beds under this section, the nursing facility must:

A. Give notice of its intent to preserve conversion options to the department no later than 30 days after the effective date of the license reduction; and

B. Obtain a certificate of need to convert beds back under Section 309, except that if no construction is required for the conversion of beds back, the application must be processed in accordance with subsection 2.

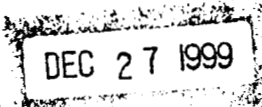
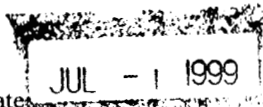
2. Expedited Review. Except as provided in subsection 1, paragraph B, an application for a certificate of need to reopen beds reserved in accordance with this section must be processed on an expedited basis in accordance with rules adopted by the Department providing for shortened review time and for a public hearing if requested by a directly affected person.

A. Review of applications that meet the requirements of the section must be based on the requirements of section 309, subsection 1, except that the determinations required by section 309, subsection 1, paragraph B must be based on the historical costs of operating the beds and must consider whether the projected costs are consistent with the costs of the beds prior to closure, adjusted for inflation; and

B. Conversion of beds back under this section must be requested within 4 years of the effective date of the license reduction. For good cause shown, the Department may extend the 4-year period for conversion for one additional 4-year period.

3. Effect on other Review Proceedings. Nursing facility beds that have been voluntarily reduced under this section must be counted as available nursing facility beds for the purpose of evaluating need under section 309 so long as the facility retains the ability to convert them back to nursing facility use under the terms of this section, unless the facility indicates in response to an inquiry from the department in connection with an ongoing project, that it is unwilling to convert them to meet a need identified in that project review.

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